
IN THE OFFICE OF THE CLERK
Supreme Court of the United States

McGILLS GLASS WAREHOUSE; DON GALLAGHER,
Petitioner,

v.

VENTURE TAPE CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Is being present at a Damages Hearing and not affirmatively requesting that a jury decide the issue a waiver of a party's right to a jury trial on that triable issue when that party initially requested a jury trial on all triable issues in its responsive pleading?

STATEMENT PURSUANT TO RULE 29.6

Petitioner, McGills Glass Warehouse, has no parent corporation and no publicly held company owns 10% or more of its stock.

OPINIONS BELOW

The opinion of the court of appeals, dated August 28, 2008, is set forth in Appendix A. The judgment of the district court, dated December 21, 2006, is set forth in Appendix B. The endorsement, dated December 12, 2006, is set forth in Appendix C. The memorandum and order, dated April 10, 2006, is set forth in Appendix D.

STATEMENT OF JURISDICTION

1) The Court of Appeals for the First Circuit entered its judgment that is the subject of this appeal on August 28, 2008.

2) The Court of Appeals for the First Circuit denied Defendant's petition for rehearing on October 16, 2008.

3) This Court has jurisdiction to hear a petition for certiorari under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS, TREATIES, STATUTES, ORDINANCES, AND REGULATIONS

Right to Jury Trial, 7th Amendment

Lanham Act

STATEMENT OF THE CASE

This case involved a trademark infringement claim brought in the United States District Court, District of Massachusetts, which had subject matter jurisdiction under 15 U.S.C. §§ 1114 and 1125 and 28 U.S.C. § 1331. The First Circuit Court of Appeals has jurisdiction over the final judgment below under 15 U.S.C (The Lanham Act). The case was brought in the United States District Court, District of Massachusetts which is a Federal District Court within the First Circuit.

After granting Summary Judgment in favor of Respondent on the issue of liability, a Hearing was held to determine the amount of damages to be awarded to Respondent. At that Hearing, Petitioner, through counsel, raised several issues but did not affirmatively request that a jury be gathered to determine what sales from Petitioner's business was due to the infringement. Petitioner throughout the case continued to maintain that a very small percentage of its sales were of the product (tapes/foils) that Respondent sold, which are the subject of the infringement. This issue as to the right to have a jury decide damages was argued on appeal. The First Circuit of Appeals ruled that Petitioner waived its right to jury on the issue of damages by not affirmatively requesting at the Hearing on damages. It said "Counsel never objected that the remedies issue should be tried by a jury rather than determined by the judge. This acquiescence represents a waiver of McGill's prior jury demand." Court of Appeals Decision, August 28, 2008, p.12. It cited the following cases for this proposition: "See *CoxCom [v. Chaffee]*, 2008 WL 2954968, at *7 [1st Cir. Aug. 4, 2008] (holding that

appellants' "active participation both leading up to and during the bench trial," coupled with a failure to "specifically object to the lack of a jury," constituted waiver)." *Ibid.*

On September 11, 2008, Petitioner filed a Petition for Panel Rehearing. On September 18, 2008, Petitioner filed an amended Petition for Panel Rehearing and Rehearing En Banc. On October 16, 2008, the First Circuit Court of Appeals issued a ruling denying the first filed Petition on the merits and denied the second Petition as being untimely. Petitioner then sought review in this Court.

REASON FOR GRANTING THE PETITION

- I. **The First Circuit Court of Appeals sanctioned the District Court of Massachusetts' denial of Petitioner's right to jury trial regarding the issue of damages and thus this matter calls for this Court's supervisory power.**

Fed. R. Civ. P. 39(a) provides that when a jury trial has been demanded, the trial on all issues must be conducted by a jury, **unless the parties stipulate to a nonjury trial either through a motion or on the record.** Further, "the right to a jury trial is constitutionally protected and **casual waivers are not to be presumed.**" *García-Ayala v. Lederle Parenterals, Inc.*, 212 F.3d 638, 645 (1st Cir. 2000). *See* U.S. Const. amend. VII; Fed. R. Civ. P. 38(d). Just because Petitioner did not affirmatively request that a jury be gathered to determine what sales from Petitioner's business was due to the infringement does not mean he was (casually)

waiving his right to have a jury do so, nor are we allowed to presume such a casual waiver. Further, there was no bench trial in this case as there was in *CoxCom* which the Court of Appeals cited to claim that Petitioner waived his right to a jury trial on the issue of damages. Nor did Petitioner ever acquiesce to having a judge decide the issue of damages. The Damages Hearing in this case does not amount to a bench trial. There were no witnesses to be questioned and only issues of law were to be decided. Petitioner never intended to give up its right to have a jury rather than a judge decide the amount of damages that it was liable for, viz., the amount of McGills' profits resulting from its infringement. Again, **"casual waivers are not to be presumed."** The District Court erred in not letting the issue of damages go before a jury. The Court of Appeals compounded the error by sanctioning the actions of the District Court, claiming that Petitioner waived its right to a jury trial. **NO SUCH WAIVER OCCURRED IN THIS CASE.** This Court should use its supervisory powers over the Federal Courts to correct this miscarriage of justice.

CONCLUSION

Since the Petitioner did not waive his right to a jury trial, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

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**APPENDIX A — OPINION OF THE UNITED STATES
COURT OF APPEALS FOR THE FIRST CIRCUIT
DATED AUGUST 28, 2008**

**UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT**

No. 07-1186

VENTURE TAPE CORPORATION,

Plaintiff, Appellee,

v.

MCGILLS GLASS WAREHOUSE;
DON GALLAGHER,

Defendants, Appellants.

Before LYNCH, *Chief Judge*,
Torruella and Lipez, *Circuit Judges*.

August 28, 2008

LIPEZ, Circuit Judge. McGills Glass Warehouse (“McGills”), an internet-based retailer of stained-glass supplies, and its owner Donald Gallagher, appeal from a district court judgment finding them liable for infringement of the registered trademarks “Venture Tape” and “Venture Foil,” and awarding the marks’ owner, Venture Tape Corporation (“Venture”), an equitable share of McGills’ profits, as well as costs and attorney’s fees. We affirm.

*Appendix A***I.**

In 1990, Venture, a manufacturer of specialty adhesive tapes and foils used in the stained-glass industry, procured two federal trademark registrations (Nos. 1,579,001 and 1,583,644) for products called "Venture Tape" and "Venture Foil," respectively. Over the next fifteen years, Venture expended hundreds of thousands of dollars to promote the two marks in both print and internet advertising. Consequently, its products gained considerable popularity, prestige, and good will in the world-wide stained glass market.

Through its internet website, McGills also sells adhesive tapes and foils which directly compete with "Venture Tape" and "Venture Foil." Beginning in 2000, and without obtaining Venture's permission or paying it any compensation, McGills' owner Donald Gallagher intentionally "embedded" the Venture marks in the McGills website, both by including the marks in the website's metatags—a component of a webpage's programming that contains descriptive information about the webpage which is typically not observed when the webpage is displayed in a web browser—and in white lettering on a white background screen, similarly invisible to persons viewing the webpage. Gallagher, fully aware that the McGills website did not sell these two Venture products, admittedly took these actions because he had heard that Venture's marks would attract people using internet search engines to the McGills website.

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Because the marks were hidden from view, Venture did not discover McGills' unauthorized use of its marks until 2003. It then promptly filed suit against McGills and Gallagher in federal district court, alleging federal trademark infringement, Lanham Act § 32, 15 U.S.C. § 1114(1) (Count 1),¹ unfair competition, *id.* § 43(a), 15 U.S.C. § 1125(a) (Count 2), false designation of origin, *id.* (Count 3),² and trademark dilution, Mass. Gen. Laws.

1. Lanham Act § 32 provides, in pertinent part:

Any person who shall, without the consent of the registrant—use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive—shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1).

2. Lanham Act § 43(a) provides, in pertinent part:

Any person who . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods,

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Ann. ch. 110B, § 12 (Count 4).³ After conducting lengthy discovery, the parties filed cross-motions for summary judgment on all four counts of the complaint. The district court conducted a motion hearing, granted summary judgment for Venture on all counts, and requested that Venture submit a motion itemizing any damages, costs, and attorney's fees attributable to McGills' trademark infringement, all of which are potentially recoverable under the Lanham Act. *See* Lanham Act § 35, 15 U.S.C. § 1117(a).

Although Venture adduced evidence that McGills generated almost \$1.9 million in gross sales during the

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services, or commercial activities by another person— . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

3. The state statute, since repealed, provided in pertinent part:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

Mass. Gen. Laws Ann. ch. 110B, § 12 (repealed 2006).

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period of its infringement from 2000-2003, Venture eventually requested only \$230,339.17, the amount that it estimated to be McGills' net profits. Citing McGills' willful infringement and alleging McGills engaged in obstructionist discovery tactics, Venture sought \$188,583.06 in attorney's fees and \$7,564.75 in costs. After a hearing on Venture's motion, the district court granted Venture's requested recovery. McGills and Gallagher now appeal from the district court's grant of summary judgment to Venture on Lanham Act liability, and from the district court's award of profits and attorney's fees.

II.**A. Lanham Act Liability**

McGills first contends that the district court improvidently granted summary judgment for Venture on appellees' liability under the Lanham Act.⁴ Summary judgment is appropriate "if the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law." Fed.R.Civ.P. 56(c); *see also Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 24 (1st Cir.1989). We review the

4. The Lanham Act and the state trademark dilution statute impose comparable standards of liability, *see* Mass. Gen. Laws Ann. ch. 110B, § 12 ("likelihood of injury to business reputation"). On appeal, McGills does not address the grant of summary judgment to Venture on Count 4, the state trademark dilution claim. Hence we do not address it either.

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district court's grant of summary judgment de novo. *Colt Def. LLC v. Bushmaster Firearms, Inc.*, 486 F.3d 701, 705 (1st Cir.2007).

"The purpose of a trademark is to identify and distinguish the goods of one party from those of another. To the purchasing public, a trademark 'signi [fies] that all goods bearing the trademark' originated from the same source and that 'all goods bearing the trademark are of an equal level of quality.' " *Id.* (quoting 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 3:2 (4th ed.2007)) (internal citation omitted). To establish trademark infringement under the Lanham Act, Venture was required to prove that: (1) it owns and uses the "Venture Tape" and "Venture Foil" marks; (2) McGills used the same or similar marks without Venture's permission; and (3) McGills' use of the Venture marks likely confused internet consumers, thereby causing Venture harm (e.g., lost sales). *See Star Fin. Servs., Inc. v. AASTAR Mortgage Corp.*, 89 F.3d 5, 9 (1st Cir.1996); 15 U.S.C. § 1125(a). The parties agree that no genuine factual dispute exists concerning the first two elements of proof.⁵

5. Venture's registration of the two marks, when coupled with its continuous use of them from 1990 to 1995, is incontestible evidence of Venture's exclusive right to use the marks. *See Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 820 (1st Cir.1987). Further, McGills concedes that, without Venture's permission, Gallagher embedded the marks *verbatim* on the McGills website.

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Our focus then becomes the “likelihood of confusion” among internet consumers. This inquiry requires us to assess eight criteria: (1) the similarity of Venture’s and McGills’ marks; (2) the similarity of their goods; (3) the relationship between their channels of trade (e.g., internet-based commerce); (4) the relationship between their advertising; (5) the classes of their prospective purchasers; (6) any evidence of actual confusion of internet consumers; (7) McGills’ subjective intent in using Venture’s marks; and (8) the overall strength of Venture’s marks. *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 10 n. 6 (1st Cir.2008) (citing *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir.1981)) [hereinafter “*Pignons* factors” or “*Pignons* analysis”].⁶ No single criterion is necessarily dispositive in this circumstantial inquiry. *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 120 (1st Cir.2006).

By the conduct of its case below, McGills effectively admitted seven of the eight elements of the *Pignons* analysis. The record contains numerous admissions that metatags and invisible background text on McGills’ website incorporated Venture’s exact marks. In his deposition, Gallagher admitted that the parties are direct competitors in the stained glass industry and that both companies use websites to promote and market

6. Venture’s unfair competition claim (Count 2) and false designation claim (Count 3) are subject to the same legal standard—namely, “likelihood of confusion”—as its Count 1 infringement claim. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992).

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their products. Gallagher even admitted that he intentionally used Venture Tape's marks on McGills' website for the express purpose of attracting customers to McGills' website and that he chose "Venture Tape" because of its strong reputation in the stained glass industry. These admissions illustrate the similarity (indeed, identity) of the marks used, the similarity of the goods, the close relationship between the channels of trade and advertising, and the similarity in the classes of prospective purchasers. They also support the conclusions that McGills acted with a subjective intent to trade on Venture's reputation and that Venture's mark is strong. Accordingly, only the sixth factor—evidence of actual consumer confusion—is potentially in dispute.

On appeal, McGills argues that Gallagher had no way of knowing whether or not his use of the Venture marks on the McGills website had been successful, i.e., whether the marks actually lured any internet consumer to the website.⁷ Thus, the company contends that summary

7. The bulk of the other arguments raised by McGills on appeal were not raised below, and are therefore waived for purposes of appeal. Accordingly, we need not address them here. They include assertions that: (1) the district court's *Pignons* analysis depended on Venture's deliberately misleading record citations, by which Venture falsely implied that Gallagher had admitted "every" aspect of Lanham Act liability; (2) Venture misled the district court with respect to the *Pignons* "channel of trade" factor by misrepresenting that McGills and Venture both used their websites to "sell" their respective products; (3)

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judgment in Venture's favor was improper because there was no evidence of actual confusion. However, McGills' various protestations below and on appeal that there is no direct evidence of actual consumer confusion, even if accepted as true, are ultimately beside the point.

Although Venture might have attempted to adduce evidence of actual consumer confusion (e.g., internet user market surveys) in support of a favorable *Pignons* determination, the absence of such proof is not dispositive of the *Pignons* analysis. "[A] trademark holder's burden is to show likelihood of confusion, not actual confusion. While evidence of actual confusion is 'often deemed the best evidence of possible future confusion, proof of actual confusion is not essential to finding likelihood of confusion.'" *Borinquen Biscuit*, 443 F.3d at 120 (citations omitted); see also *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1050 (9th Cir.1999) ("[D]ifficulties in gathering evidence of actual confusion make its absence generally unnoteworthy."); cf. *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir.1992) ("[T]he district court erred in suggesting that proof of actual harm to Nestle's goodwill was a prerequisite to

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Venture's Exhibit E, which purported to show that McGills' use of the marks had led consumers looking for Venture products to McGills' website, was misleading because the exhibit discloses that McGills paid Yahoo! for a priority position on search lists; and (4) Venture is barred from recovery under the equitable defenses of laches or unclean hands.

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finding a Lanham Trade-Mark Act violation [because] [t]he Lanham Act contains no such proof-of-injury requirement.”).

McGills’ admissions regarding the other seven *Pignons* factors, particularly Gallagher’s admission that his *purpose* in using the Venture marks was to lure customers to his site, permit us to conclude that no genuine dispute exists regarding the likelihood of confusion. As a result, Venture was entitled to summary judgment on the liability issue.

B. Award of Profits under the Lanham Act

Because Venture established its entitlement to summary judgment on Lanham Act liability, it was potentially entitled—subject to applicable principles of equity—to recover, *inter alia*, McGills’ profits during the period that McGills infringed the Venture marks. Lanham Act § 35(a), 15 U.S.C. § 1117(a).⁸ McGills argues

8. Lanham Act § 35(a) provides:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant’s profits, (2) any

(Cont’d)

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on appeal that the district court erred in awarding Venture \$230,339.17, McGills' net profits for the three-and-a-half-year period of infringement, pursuant to section 1117(a). We review de novo the legal standard by which the award was calculated and review for clear error the factual findings supporting the award. *Tamko Roofing Prods., Inc. v. Ideal Roofing Co.*, 282 F.3d 23, 35 (1st Cir.2002).

McGills first contends that, because it filed a timely demand for a jury trial in its answer and never stipulated to the withdrawal of that demand, the district

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damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

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court violated its Seventh Amendment rights when it determined the amount of McGills' profits, rather than submitting the question for jury resolution. However, the right to a jury trial can be waived. *CoxCom, Inc. v. Chaffee*, 536 F.3d 101, 110-11 (1st Cir.2008). "[A] party's participation in a bench trial without objection constitutes a waiver of a jury trial right." *Id.*; see also *United States v. 1966 Beechcraft Aircraft Model King Air*, 777 F.2d 947, 951 (4th Cir.1985) (jury right waived where parties "fully and vigorously participated in the bench trial, making no mention of their early jury demand"). Here, McGills' counsel appeared at the remedies hearing and made a variety of arguments challenging Venture's request. Counsel never objected that the remedies issue should be tried by a jury rather than determined by the judge. This acquiescence represents a waiver of McGills' prior jury demand. See *CoxCom*, 536 F.3d at 111 (holding that appellants' "active participation both leading up to and during the bench trial," coupled with a failure to "specifically object to the lack of a jury," constituted waiver).

McGills raises two substantive objections to the award of profits.⁹ First, the company challenges the

9. On appeal, McGills also argues that the district court erred in awarding profits based on an infringement period of three-and-a-half years. McGills claims that there was no evidence other than "guesses and approximations" regarding the length of time the infringing marks had been embedded in McGills' website. McGills has waived this argument by failing to raise it below.

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district court's finding that the infringement here was "willful," asserting that such a finding is a prerequisite to an award of profits under the Lanham Act. We have previously declined to reach the question of whether "willfulness" is required as a foundation for such an award, see *Tamko Roofing Prods.*, 282 F.3d at 36, and we need not decide the issue here. Even assuming that "willfulness" is required, McGills has not demonstrated that the district court's finding of "willfulness" was clearly erroneous. McGills asserts that Gallagher's admittedly intentional use of the Venture marks to lure customers to his site was not "willful" because Gallagher was unaware that such use of the marks was illegal. However, the district court specifically noted that McGills had programed its website so that Venture's marks were displayed in the same color as the webpage background, concealing them from view. We can find no clear error in the district court's conclusion that such intentional concealment provides strong circumstantial evidence of "willfulness."

Second, McGills attacks the award by claiming that it overstates the actual harm to Venture. McGills first complains that Venture did not even attempt to show actual harm, and suggests that this failure means that there was no actual harm. Our case law does not support that inference. When a mark owner cannot prove actual damages attributable to the infringer's misconduct (e.g., specific instances of lost sales), its recovery of an equitable share of the infringer's profits serves, *inter alia*, as a "rough measure" of the likely harm that the mark owner incurred because of the infringement, while

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also preventing the infringer's unjust enrichment and deterring further infringement. *Tamko Roofing Prods.*, 282 F.3d at 36. The district court explicitly concluded that the profits award here was "sufficiently substantial to serve these purposes without being unduly large or burdensome." We find no fault with this conclusion.

McGills' alternative theory is that the award of profits is overstated because the "only possible enrichment" to McGills from the use of the Venture marks would have arisen from its sales of foils and tapes. McGills argues, without marshaling any competent evidence, that its sales of those products amounted to less than one percent of its total sales. McGills complains that Venture should have known this and provided more detailed breakdowns to the court. McGills asserts that Venture "copied over 5000 records," but "carefully chose to show none of it to the Court."

This argument entirely misplaces the burden of proof for a profit award under the Lanham Act. We have held that "once the plaintiff has shown direct competition and infringement, the statute places the burden on the infringer to show the limits of the direct competition." *Tamko Roofing Prods.*, 282 F.3d at 37. This allocation of burdens arises from the language of the Lanham Act itself: "In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed." 15 U.S.C. § 1117(a). Here, Venture met its burden by introducing tax returns showing Venture's gross sales over the relevant time period. McGills then had the

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burden of producing evidentiary documentation that some of those sales were unrelated to and unaided by McGills' illicit use of Venture's marks. The company produced no such evidence. As a result, there was no clear error in the district court's determination that \$230,339.17 represented an equitable share of McGills' \$1.9 million in gross sales during the three-and-a-half year infringement period.

C. Attorney's Fee Award

Finally, McGills challenges the district court's award of \$188,583.06 in attorney's fees. The Lanham Act permits the court to award reasonable attorney's fees to the prevailing party in "exceptional cases." 15 U.S.C. § 1117(a). We review such awards for abuse of discretion. *Tamko Roofing Prods.*, 282 F.3d at 30. The district court has discretion to consider an infringement case "exceptional" if, after reviewing the totality of the circumstances, it finds that the infringer's actions were "malicious, fraudulent, deliberate, or willful." *Id.* at 31 (internal quotation marks omitted). As we noted above, the district court did not err in concluding that McGills' infringement was "willful." Accordingly, it did not abuse its discretion in determining that this is an "exceptional case" where an award of attorney's fees is appropriate.

Affirmed.

**APPENDIX B — JUDGMENT OF THE UNITED
STATES DISTRICT COURT FOR THE DISTRICT
OF MASSACHUSETTS DATED
DECEMBER 21, 2006**

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

Civil Action No.
03-CV-11045 (MEL)

VENTURE TAPE CORP.

Plaintiff,

v.

**MCGILLS GLASS WAREHOUSE
and DON GALLAGHER**

Defendants

Judgment

For the reasons set forth in the Court's Memorandum and Order dated April 10, 2006 granting Summary Judgment for the Plaintiff [docket entry # 56], and its Endorsement dated December 12, 2006 granting Plaintiff's Motion for Damages [docket entry # 64], final judgment shall enter for the Plaintiff Venture Tape Corporation against the Defendants McGills Glass Warehouse and Don Gallagher in the amount of **four-hundred twenty-six thousand four-hundred eighty-six dollars and ninety-eight cents (\$426,486.98)**. This Judgment incorporates the Permanent Injunction issued by the Court on December 13, 2006 [docket entry # 65].

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It is so Ordered:

s/ Morris E. Lasker
U.S.D.J.

Dated: December 21, 2006
Boston, Massachusetts

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**APPENDIX C — ENDORSEMENT
DATED DECEMBER 12, 2006**

ENDORSEMENT

03-cv-11045-MEL

VENTURE TAPE CORP.

v.

McGILLS GLASS WAREHOUSE
AND DON GALLAGHER

LASKER, D.J.

Having been granted summary judgment, Plaintiff Venture Tape Corporation ("Venture Tape") now moves for damages. Venture Tape requests: (1) an equitable portion of Defendants McGills Glass Warehouse and Don Gallagher's gross profits during the infringing period totaling \$230,339.17; (2) \$188,583.06 in attorneys' fees; (3) \$7,564.75 in costs; and (4) a permanent injunction prohibiting McGills from using Venture Tape's trademarks. For the reasons set forth below, the motion is GRANTED.

Defendants contend that Venture Tape was provided with all the information necessary to make a more accurate calculation of McGills's sales during the infringing period from products that directly compete with Venture Tape's products. Defendants maintain Venture Tape should not benefit from its failure to make a more exact calculation. Instead, Defendants argue

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that Venture Tape's damages should be limited to the profit Defendants earned from the sale of its stained glass copper foil products only. Defendants assert that McGills's profits from these foil products were \$3,229 during the infringing period and suggest that this figure should be used in determining Venture Tape's damages.

Under the Lanham Act, 15 U.S.C. § 1117(a), a plaintiff who proves trademark infringement is entitled to (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) costs of the action. According to the Act, "[i]n assessing profits, the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed." 15 U.S.C. § 1117(a). Venture Tape has presented clear evidence of Defendants' profits based on McGills's federal tax returns. Defendants have not proven any deductions, nor have they explained why McGills's total profits should not be considered, when McGills used Venture Tape's trademark to draw customers to its website where they could buy any number of products, not just copper foils. Defendants' \$3,220 figure is not a realistic calculation of damages based on the language of the Lanham Act. In contrast, the figure Venture Tape requests appears reasonable in comparison to defendant's gross profits during the infringing period, which totaled \$1,898,293.10. I find \$230,339.17 to be fair and equitable. An award of profits is designed "(1) as a rough measure of the harm to plaintiff; (2) to avoid unjust enrichment of defendant; or (3) if necessary to protect the plaintiff by deterring a willful infringer from further infringement." *See Tamko Roofing Products, Inc. v.*

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Ideal Roofing Co., LTD., 282 F.3d 23, 36 (1st Cir. 2002). The portion of McGills's profits that Venture Tape seeks is sufficiently substantial to serve these purposes without being unduly large or burdensome. I conclude that Venture Tape is entitled to \$230,339.17 as an equitable portion of Defendants' profits.

The Lanham Act provides for an award of costs to the prevailing plaintiff. Venture Tape has documented its costs and I accept the \$7,564.75 figure it requests as accurate and appropriate. I reject any contention that Venture Tape purposefully escalated its expenditures.

Defendants further maintain that an award of attorneys' fees is not justified in this case because the Gallagher did not deliberately infringe on Venture Tape's trademark since he was not aware that the conduct was illegal.

Reasonable attorneys' fees may be awarded under the Lanham Act in "exceptional cases." 15 U.S.C. § 1117(a). Exceptional cases can include those in which the infringement was deliberate or willful, or when equity requires such an award. *See Tamko Roofing*, 282 F.3d at 31-32. Ultimately, courts consider the totality of the circumstances when determining whether to grant attorneys' fees. *See id.* at 33.

I conclude that based on the circumstances of the infringement, Venture Tape is entitled to attorneys' fees. Gallagher admitted that he intentionally used Venture Tape's name to attract customers searching for Venture

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Tape to the McGills website. (Gallagher Depo., 64:8-65:15, 160:5-9, 168:17-24.) He further admitted that he chose Venture Tape's name precisely because of its reputation in the industry. (Gallagher Depo., 64:8-65:18.) In addition, McGills's website was programmed so that Venture Tape's trademarked terms were displayed in the same color as the webpage background, making them invisible to customers. Based on these facts, I find that there is sufficient evidence of wilfulness to warrant an award of attorneys' fees. I conclude that Venture Tape is entitled to attorneys' fees in the amount of \$188,583.06.

Defendants have not expressed an objection to the issuance of a permanent injunction.

Venture Tape's motion for damages is granted in the amount of \$426,486.98. A permanent injunction will be issued separately. The parties should submit a proposed judgment on notice.

It is so ordered.

s/ Morris E. Lasker
U.S.D.J.

Dated: December 12, 2006
Boston, Massachusetts

**APPENDIX D — MEMORANDUM AND ORDER OF
THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF MASSACHUSETTS
DATED APRIL 10, 2006**

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

03-CV-11045-MEL

VENTURE TAPE CORPORATION,

Plaintiff,

v.

MCGILLS GLASS WAREHOUSE
and DONALD GALLAGHER,

Defendants.

MEMORANDUM AND ORDER

LASKER, D. J.

This trademark infringement suit is brought by Venture Tape Corporation ("Venture Tape") against McGills Glass Warehouse ("McGills") and its owner, sole shareholder, and sole board member, Donald Gallagher ("Gallagher"). The four count complaint alleges trademark infringement under 15 U.S.C. §1114(1), §32 of the Lanham Act (Count I); unfair competition under 15 U.S.C. §1125(a), §43(a) of the Lanham Act (Count II); false designation of origin under 15 U.S.C. §1125(a),

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§43(a) of the Lanham Act (Count III); and trademark dilution under M.G.L. c. 110B § 12 (Count IV). The parties cross-move for summary judgment as to liability on all counts.

I. Relevant Facts

Venture Tape is a worldwide manufacturer of speciality pressure-sensitive adhesive tapes and products for use within the stained glass industry, including various foil products. Since its founding in 1980, Venture Tape has used the name "Venture Tape" and placed this name on all its products. In 1990, Venture Tape obtained two federal trademark registrations on "Venture Tape", Registration Nos. 1,579,001 and 1,583,644. These registrations give Venture Tape the exclusive right to use the mark "Venture Tape" and its derivatives, including "Venture Foil". Venture Tape has spent hundreds of thousands of dollars advertising and promoting its products under the trademarks "Venture Tape" and "Venture Foil", both in industry publications and through its website. As a result, popularity and goodwill have become associated with the subject marks.

McGills also supplies products to the stained glass industry, selling non-Venture Tape adhesive products. McGills' products compete in the marketplace with similar products manufactured by Venture Tape. (Gallagher Depo., 143:25-144:3.) In 2000, McGills began using the Venture Tape trademarks on its website, through which it advertises its products and solicits business. Specifically, the defendants placed the terms

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“Venture Tape” and “Venture Foil” directly on a page on McGills’ website. (Admissions at ¶¶ 4, 13, 17, 21; Gallagher Depo. 49:11-15.) However, the defendants intentionally programmed the website so that the trademark terms would be the same color (white) as the webpage background, and therefore be invisible to anyone viewing the website. In addition, the defendants embedded these trademark terms as metatags in the McGills’ website. (Admissions at ¶¶ 13, 17; Gallagher Depo., 58:1-7, 58:24-59:4, 60:4-10, 72:10-16.) As a result, internet search engines located McGills’ website and prominently listed a link to it when internet users performed keyword searches including the terms “Venture Tape” and/or “Venture Foil”. Often, the link to McGills’ website would appear before the link to Venture Tape’s website, even though McGills did not offer any Venture Tape products or have any affiliation with Venture Tape. Gallagher selected the subject marks to appeal to potential customers because it was “something that I had heard that would attract people to a website.” (Gallagher Depo., 64:8-65:18, 160:7-9, 168:19-24.) McGills never requested or received permission to use the Venture Tape subject marks. (Admissions at ¶¶ 20, 27; Gallagher Depo., 171:8-13.)

II. Analysis

A. Counts I, II, and III

A plaintiff is entitled to summary judgment in a trademark infringement case when it shows that: (1) it uses, and thereby owns, a mark; (2) the defendant is

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using that same or a similar mark; and (3) the defendant's use of the mark is likely to cause confusion when compared with the plaintiff's registered mark. *STAR Fin. Serv., Inc. v. AASTAR Mortgage Group*, 89 F.3d 5, 9 (1st Cir. 1996) (upholding jury verdict for plaintiff where parties offered the same services and targeted the same class of prospective purchasers). Evaluation of the trademark infringement claim also suffices to establish likelihood of success on unfair competition and false designation of origin claims. *N. Light Tech., Inc. v. N. Lights Club*, 97 F.Supp.2d 96, 120 (D. Mass. 2000).

During discovery, the defendants admitted virtually every element of trademark infringement, including: wrongfully using Venture Tape's federally registered trademarks without Venture Tape's knowledge or permission; selling goods similar to Venture Tape's; directly competing with Venture Tape; and using Venture Tape's trademarks with the intent to benefit financially from Venture Tape's goodwill. Therefore, the issue for decision is whether Venture Tape has established a likelihood of confusion caused by McGills' use of the marks.

Under First Circuit law, a court considers eight factors in measuring the likelihood of confusion: (1) the similarity of the marks; (2) the similarity of the goods; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant's

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intent in adopting the mark; and (8) the strength of the mark. *N. Light Tech.*, 97 F.Supp.2d at 109-110. All factors must be considered but no single factor is dispositive. *EMC Corp. v. Hewlett-Packard Co.*, 59 F.Supp.2d 147, 148-49 (D. Mass. 1999) (granting injunctive relief because prospective customers were likely to be confused as to whether the parties' respective products were associated). In the internet context, courts have held that the three most important factors are the similarity of the marks, the relatedness of the goods, and the parties' simultaneous use of the internet as a marketing channel. *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000) (noting that the eight-factor test is "pliant"); *SMC Productions, Inc. v. SMC Promotions*, 355 F.Supp.2d 1127, 1135 (C.D. Cal. 2005) ("If the internet trinity suggests confusion is likely, the other factors would have to weigh strongly against a likelihood of confusion to avoid a finding of infringement.").

As to the similarity of the marks, the record contains numerous admissions by the defendants that they used Venture Tape's exact marks in their metatags and on their website. (Admissions at ¶¶ 13, 17, 20; Gallagher Depo., 58:1-7, 58:24-59:4.) In their motion for summary judgment, the defendants do not contest that they placed Venture Tape's trademarks into McGills' website. This factor weighs heavily in favor of Venture Tape.

As to the similarity of the goods, there is no evidence that McGills' goods can be distinguished from Venture Tape's. In fact, the defendants admit that Venture Tape

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and McGills sell similar and directly competing products to the stained glass industry. (Admissions at ¶¶ 5,6; Gallagher Depo., 135:6-20, 139:21-140:13.) At deposition, Gallagher conceded that the parties directly compete. (Gallagher Depo., 143:25-144:3.) This factor also weighs strongly in Venture Tape's favor.

As to the channels of trade, channels of advertising, and classes of prospective purchasers¹, McGills' assertion that the parties do not share the same market or client base is unsupported by the record. In fact, at deposition Gallagher testified that the parties are direct competitors. (Gallagher Depo., 143:25-144:3.) Moreover, the defendants admit that both parties maintain websites to promote and sell their products, such that both of them target internet users as potential clients. (Admissions at ¶¶ 2, 4.) The fact that both parties use websites to promote and sell their products exacerbates the likelihood of confusion. *See Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999); *see also N. Light Tech.*, 97 F.Supp.2d at 111 ("The channels of trade are identical; both function on the Internet. This factor suggests confusion.").

When examining intent, evidence that an infringer intentionally copies a mark creates a rebuttable presumption that the copying was done to cause

1. Courts generally analyze these three factors together. *See, e.g., Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 813 (1st Cir. 1986).

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confusion. *Copy Cop, Inc. v. Task Printing, Inc.*, 908 F.Supp.37, 46 (D. Mass. 1995); see also *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 819 (1st Cir. 1986) (finding that defendant “chose the mark not independently, but with an intent to benefit from [plaintiff’s] reputation”); *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 32 (1st Cir. 1989); *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1039-41 (9th Cir. 2003) (holding that admitted use of plaintiff’s federally registered trademark as a metatag on defendant’s website “satisfies the terms of trademark infringement”). In this case, the defendants admit that they intentionally used Venture Tape’s marks as metatags on McGills’ website. (Admissions at ¶¶ 13, 17; Gallagher Depo., 64:8-65:18.) Gallagher further testified that his intent in so doing was to attract customers searching for Venture Tape products to McGills’ website. (Gallagher Depo., 64:8-65:18, 160:5-9, 168:17-24.) The evidence confirms that the defendants used Venture Tape’s marks with the intent of benefitting from Venture Tape’s reputation in the stained glass industry. See *Volkswagenwerk*, 814 F.2d at 819.

To determine the strength of a mark, courts look to “the length of time the mark has been used, its renown in the plaintiff’s field of business, and the plaintiff’s actions to promote the mark.” *N. Light Tech.*, 97 F.Supp. 2d at 114. Measured by these factors, the record evidence indicates that Venture Tape’s trademark is strong and deserves protection against infringement. Venture Tape has used its mark for 25 years and has spent hundreds of thousands of dollars advertising and

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promoting its products under these marks. The defendants admit that Venture Tape owns legitimate trademarks and uses these marks in connection with the sale of its goods. (Admissions at ¶¶ 11, 21, 23, 26.) Moreover, Gallagher testified that he chose to use Venture Tape's trademarks on McGills' website precisely because of Venture Tape's reputation in the stained glass industry. (Gallagher Depo., 64:8-65:18.) This factor also weighs heavily in favor of Venture Tape.

Courts have consistently held that evidence of actual point-of-sale confusion is not necessary to establish the likelihood of confusion, and that the Lanham Act forbids a competitor from "luring potential customers from a producer by initially passing off its goods as those of a producer's, even if confusion as to the source of the goods is dispelled by the time any sales are consummated." *EMC Corp.*, 59 F.Supp.2d at 150-51. This rule is particularly applicable here, where the defendant's infringement consisted of using the plaintiff's trademark in metatags. See *Brookfield Comms.*, 174 F.3d at 1061-65; see also *Niton Corp. v. Radiation Monitoring Devices, Inc.*, 27 F.Supp.2d 102, 104-05 (D. Mass. 1998). The initial interest theory of confusion has previously been endorsed by this Court. *EMC Corp.*, 59 F.Supp.2d at 150; *Niton Corp.*, 27 F.Supp.2d at 104-05. In the instant case, the defendants intentionally used Venture Tape's marks on McGills' website and metatags to divert internet users searching for Venture Tape products to McGills' website. Even if, upon reaching McGills' website, customers immediately realized that the site was unrelated to Venture Tape,

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McGills improperly gained customers by appropriating Venture Tape's goodwill. *Brookfield Comms.*, 174 F.3d at 1057. Given the overwhelming evidence with respect to the other seven factors, which clearly weighs in favor of Venture Tape, the fact that Venture Tape presents evidence of initial interest confusion rather than point-of-sale confusion is sufficient to conclude that there is a likelihood of confusion.

It is evident from the catalogue above that the balance of relevant factors tips strongly in favor of Venture Tape. Based on Gallagher's frank admissions at deposition, for which he deserves credit, the defendants' liability in this case is unquestionable. Summary judgment on Counts I, II, and III is GRANTED to Venture Tape and DENIED to the defendants.

B. Count IV

With respect to Count IV of the complaint, a plaintiff is entitled to summary judgment under the Massachusetts anti-dilution statute when it shows that: (1) its mark is distinctive and (2) the defendant's use of the mark has created the likelihood of dilution. See M.G.L. c. 110B § 12; *Tiffany & Co. v. Boston Club, Inc.*, 231 F.Supp. 836, 843-44 (D. Mass. 1964). The first element includes "not merely a distinctive trade name . . . but also characteristic quality inherent in any trade name after it had acquired a distinct secondary meaning." *Id.* at 843. The second element may be demonstrated by evidence of injury resulting from use

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of the mark in a way that detracts from the reputation associated with the mark; diminution in the uniqueness and individuality of the mark; or injury to the value of the mark caused by actual or potential confusion. *See Id.* at 843-44. As discussed above, there is clear evidence in this case that Venture Tape's use of the subject marks on its products, and its efforts to promote those marks for the past 25 years, established a favorable reputation and goodwill for the marks and associated products. There is also strong evidence of likelihood of customer confusion resulting from the defendant's unauthorized use of the marks in connection with McGill's website.

The defendants' contention that Venture Tape's claim falls short because Venture Tape failed to register its trademark with the Commonwealth is erroneous. Under the plain language of the statute, trademark registration with the Commonwealth simply is not required. *See M.G.L. c. 110B §12* (providing relief equally to marks valid at common law). Moreover, the statute nowhere requires that the mark be "famous". The relevant standard under Massachusetts law is whether the mark is "distinctive". *See Tiffany & Co.*, 231 F.Supp. at 843-44. Accordingly, McGills' motion for summary judgment on Count IV is DENIED, and Venture Tape's motion for summary judgment on Count IV is GRANTED.

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III. Conclusion

For the reasons outlined above, Venture Tape's motion for summary judgment as to liability on all counts of the complaint is GRANTED; McGills' cross-motion for summary judgment is DENIED.

It is so ordered.

s/ Morris E. Lasker
U.S.D.J.

Dated: April 10, 2006
Boston, Massachusetts

**APPENDIX E — ORDER OF THE UNITED STATES
COURT OF APPEALS FOR THE FIRST CIRCUIT
DENYING PETITION FOR REHEARING
ENTERED OCTOBER 16, 2008**

**UNITED STATES COURT OF APPEALS
For the First Circuit**

No. 07-1186

VENTURE TAPE CORP.

Plaintiff - Appellee

v.

**MCGILLS GLASS WAREHOUSE;
DON GALLAGHER**

Defendants - Appellants

Before

**Lynch, *Chief Judge*,
Torruella, Boudin, Lipez and Howard,
Circuit Judges.**

ORDER OF COURT

Entered: October 16, 2008

Appendix E

The Appellants McGills Glass Warehouse and Don Gallagher's pro se filing titled "Notice of Appeal," construed as a petition for rehearing, having been denied by the panel of judges who decided the case, and the request to amend to seek rehearing en banc, construed as a petition for rehearing en banc, having been submitted to the active judges of this court and having been denied as untimely, it is ordered that the petition for rehearing and petition for rehearing en banc be denied.

By the Court:

/s/ Richard Cushing Donovan, Clerk